GROWTH STRATEGIES APPLIED BY THE INSTITUTE OF ADVANCED TECHNOLOGY; THE STUDY OF ANSOFF MODEL

BY

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DECLARATION

This management Research Project is my original work and has not been submitted for a Degree in any other University.

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This project has been submitted for examination with my approval as university supervisor.

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DEDICATION

I dedicate this project to my beloved husband Samuel Mbogo. You have always believed in me. Thank you for all the support provided.

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LIST OF ABBREVIATIONS

BBA:	Bachelor of Business Administration
BBIT:	Bachelor of Business Information Technology
CompTIA:	Computer Technicians' Industry Association
DBA:	Diploma in Business Administration
DBICT:	Diploma in Business Information & Communication Technology
EBC*L:	European Business Competence* License
HDBME:	Higher Diploma in Business Management & Entrepreneurship
IAT:	Institute of Advanced Technology
ICDL**:**	International Computer Driving License
IT:	Information Technology
IRD:	Instructional Research and development
ISO:	International Standard Organization
KPC:	Kenya pipeline Corporation
SPSS:	Statistical Package for the Social Sciences

ABSTRACT

The study focused on identifying the growth strategies applied by IAT using Ansoff's growth strategies model. The model provides four main strategies that firms may adopt for growth which include market penetration, product development, market development and diversification. IAT is a middle level college which has been in existence for close to two decades. In a country that is facing growth and high demand for tertiary education there is a stiff competition necessitating institutions IAT being one of them to adopt growth strategies to survive and serve the ever growing market.

The study adopted a case study design. The data collection instrument was an interview guide which was used to collect primary data. Interviews were administered to IRD, test center, marketing and two branch managers. Secondary data was collected from institution's publications which included newsletters, brochures and handbills. The institution's website also provided more data. The results of the study showed that the institution applied growth strategies identified by Ansoff's model.

Market penetration practices especially advertising and incentives were evident. The firm also had been developing new products through IRD department and also in collaboration with other local and international learning institutions. It also created new markets through opening up branches especially in Nairobi and other cities. The institution had diversified by introducing other courses in the area of business and life skills which is a deviation from initial focus which was IT courses. The study revealed that the institution had benefited from these practices through increased market share, increased sales and more recognition.

The study recommended the institution to pursue more of market development in other major towns in Kenya and East Africa to exploit more opportunities. Diversification could also be intensified by venturing into consultancy and e-learning to take advantage of the wealth of experience gained through the years. The limitation of the study was related to the fact that the study was using only one model to identify growth strategies employed by IAT. The study recommended that similar study may be conducted in other institutions to establish growth strategies applied by other learning institutions, since it focused on only one institution.

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CHAPTER ONE: INTRODUCTION

1.1. Background of the study

Growth is stimulating and rapid and for many businesses is an indication of achievement. In many markets it is not an optional since firms are serving rapidly growing, expanding and changing markets. If firms remain static they will lose their grounds. They cannot maintain a position of strength and leadership in their field without growth (Barringer and Ireland 2008). Growth is important in order to attract and maintain diverse customers. The main aim that guides almost every business organization is to secure survival through growth and profitability. Growth in the number of markets served, in the variety of products offered, and in the technologies that are used to provide goods or services frequently lead to improvements in a firm's competitive ability (Pearce and Robinson 1991). National economy relies on the growth of firms. Growth of firms leads to creation of job opportunities and general prosperity of the nation.

1.1.1. Growth Strategies

For an organization to pursue their goals and objectives successfully it requires a strategy. According to Johnson, Scholes & Whittington (2005) strategy refers to direction and scope of an organization over the long term which achieves advantage in a changing environment through its configuration of resources and competencies with the aim of fulfilling stakeholder expectations. A well formulated strategy helps marshal and allocates an organization's resources into a unique and viable posture based upon its relative internal competencies and shortcomings, anticipated changes in the environment and contingent moves by intelligent opponents. Sababu (2007) points out that a strategy of an organization describes the way that organization will pursue its goals, given the threats and opportunities in the environment and the resources and capabilities for the organization. Firms operate in environment that is turbulent and very uncertain which calls them to continuously scan it to identify opportunities to be exploited to propel them forward.

Thompson, Strickland & Gamble (2007) argues that a strategy is the major instrument that managers use to shape the future course of their firms. Managers should identify those strategies that will enhance the organization’s competitive position. Such enable them identify how the company will cope with its ever-changing and tough environment. In addition managers are able to prescribe initiatives and other actions that the company will take to win its desired position in that turbulent setting and to articulate a dominant mission that will be the focus around which diverse company activities can be integrated. Organizations that create strategies position themselves for the future since such strategies create a path from where they are now to where they want to be in the future. Thompson, Strickland & Gamble (2007) notes that a creative, distinctive strategy that sets a company apart from rivals and yields a competitive advantage is a company’s most reliable ticket for earning above-average profits.

Growth strategies are meant to help a firm fully exploit it potential, increase its profitability, efficiency and control. Such strategies help firm identify the possible strategic directions to follow. Growth strategies focus resources on seizing opportunities for profitable growth (Johnson and Scholes, 2002). They are aimed at ensuring that a firm continues to expand to serve a wider and diverse market. Wanyande (2006) argues that the adaptation and application of growth strategies is of great essence to firms; they assist to redefine the future, success and growth of organizations. These strategies help firms identify their future strategic direction, assist them in planning for growth, assist them in formulating a strategy and knowing which markets and respective products to serve in the market for success and growth

Barringer and Ireland (2008) notes that growth can be generated within through innovation, greater share of the profit pool for existing products in existing markets and channels, new products, new markets and channels or increased customer retention. External growth is made possible through strategic alliances, joint ventures, integration, acquisition and diversification, Firms should embrace growth strategies that will enable them develop trends, adopt new ways of doing things to enable them survive competition and environmental turbulence.

Johnson and Scholes (2002) urges firms to identify the strategic options available to them in terms of products and market coverage, taking into account the strategic capability that is the adequacy suitability of the resources and competencies of an organization for it to survive and prosper and the expectations of stake holders. This will enable them embrace effective strategies that will facilitate successful growth that will benefit the entire firm and it stakeholders.

1.1.2. Ansoff Growth strategies Model

The Ansoff Product-Market Growth Matrix is a tool created by Ansoff and first published in his article "Strategies for Diversification" in the Harvard Business Review (1957). The matrix allows managers to consider ways to grow the business using existing and or new products, in existing and or new markets – there are four possible product-market combinations. This matrix helps companies decide what course of action should be taken given current performance. The matrix consists of four strategies: Market penetration which occurs when a company enters a market with current products. Sababu (2007) observes that the best way to achieve this is by gaining competitors' customers that is, part of their market share.

Other ways include attracting non-users of the firm’s product or convincing current clients to use more of the firm’s product, with advertising or other promotions. Market penetration is the least risky way for a company to grow. Product development is where a firm with a market for its current products embarks on a strategy of developing other products catering for the same market although these new products need not be new to the market as long as the products are new to the company (Pearce and Robinson, 2002). Frequently, when a firm creates new products, it can gain new customers for these products.

Hence, new product development can be a crucial business development strategy for firms to stay competitive. Kotler (2000) explains that market development entails an established product in the marketplace being tweaked or targeted to a different customer segment, as a strategy to earn more revenue for the firm. The market need not be new in itself, as much as it may be new to the company. In diversification growth strategy, an organization would attempt to sell new products or services in addition to what it already offers. Often, this approach is the most difficult as it involves creating new products for new markets sometimes inconsistent with a company's core strengths and established abilities. In the short-run it can involve all of the risk and expense associated with entering a new market or category, in the long-run the diversification strategy can help lower the firm's risk by spreading products and markets.

1.1.3. Institute of Advanced Technology

IAT is the leading ICT and Business learning organization in Kenya and the East African Region. Established in 1991, IAT has grown to a national training institution. It offers a wide range of quality Information and Communication Technology (ICT)/ Computer and Business training and education. It offers End User, Professional and Career Training and Education to individuals as well as Public and Private corporate organization seeking to develop their personnel. It has been conducting ICT and Business courses successfully in partnership with distinguished international and local institutions since 1991. The institutions' collaborating partners include Maseno University, St' Paul's University, NCC Education (UK), the European Business Competence License (EBCL), International Computers Driving license (ICDL) foundation among others. It is also a Microsoft Gold Certified Partner in learning solutions.

IAT conduct their training business using highly practical and hands-on exercises ensuring that their clients retain the skills learnt. The Institution has invested in classrooms across their seven centers that are spacious and equipped with modern learning facilities. The use of classroom discussions, private consultations with the course instructors, and visual aids, is geared towards developing a high degree of retention of the core concepts. They also conduct in-house training on request at client premises. The institution prides on having been selected by Microsoft Corporation to deliver training in the use of Microsoft products in Kenya. To qualify as a Microsoft Certified Technical Education Centre, the institute has to satisfy stringent criteria relating to facilities, standards of instruction and product knowledge. IAT has grown to become the leading computer training organization in East & central Africa.

1.2. Statement of The problem

Continuous, profitable growth is a result of premeditated plan. Barringer and Ireland (2008) note that to increase the chances of achieving and sustaining profitable growth and of becoming a successful rapid-growth, firm must cultivate some attributes. Many firms work hard to achieve market leadership, to realize economies of scale and economies of scope and to be recognized as the brand leader. Full-grown firms usually have more influence and power than smaller firms in regard to setting standards for an industry, getting a "foot in the door" with major customers and suppliers and garnering prestige. In addition, larger firms can typically make a mistake yet survive more easily than smaller firms. Finally firms grow to attract and retain high-quality personnel. It is natural for talented employees to want to work for a firm that can offer opportunities for promotion, higher salaries and increased levels of responsibility. Growth is a primary mechanism to generate promotional opportunities for employees, while failing to retain key employees can be very damaging to a firm's growth efforts. As a result of that, firms must identify growth strategies to help them enjoy the benefits that accrue from the same. Growth strategies help them effectively manage the complexities and demands associated with the growth process.

IAT having been in the industry for close to two decade has seen many changes taking place with new colleges emerging, demand for professional courses increasing and advancement in technology which present new ways of doing things. This has presented opportunities for them to grow to serve the ever changing, demanding and expanding markets. The institution has grown from one centre to seven which are able to serve more clientele. Also it has increased the number of courses offered to meet the diverse needs of clientele. In collaboration with other universities it has managed to offer degree courses especially in business to add to the IT courses which were the institution's initial focus.

Some studies have been done to determine the extent of application of Ansoff growth strategies model in various sectors. Kiilu (2004) conducted a survey of the extent of the application of Ansoff's growth strategies in the public utility sector in Kenya. He found that the extent of application of Ansoff's growth strategy in public sector was still too low. Wanyande (2006) conducted a study on application of Ansoff's growth strategies by internet Service Providers in Kenya. Her results showed that internet service providers to a moderate extent apply the dimensions of Ansoff's growth strategies of: market penetration, market development, product development and diversification. Mecha (2007) conducted a study whose objective was to identify strategy choice at the Kenya pipeline Company using Ansoff's grand strategies matrix. He found out that market penetration, market development and product development were evidently used. However diversification was not used.

None of these studies focused on application of Ansoff's growth strategies model at learning institution moreover at the IAT. It has not been established whether learning institutions pursue Ansoff's growth strategies and the extent to which they apply them. It is on this basis therefore that this study endeavors to establish the growth strategies applied by IAT using Ansoff's growth strategies model.

1.3. Research Objective

The objective of the study is to establish the growth strategies applied by IAT and the benefits accrued from applying those strategies.

1.4. Value of the study

This study will be useful to IAT management as it will provide insight into the growth strategies applied by the firm, some new ways of growth strategy formulation and implementation that may be useful as presented by Ansoff's and also the benefits that accrue from the same. Other educational institution will appreciate the application of

Ansoff's growth strategies as a competitive tool. And finally the study will contribute to the existing body of knowledge on growth strategies. Future scholars may also find the study findings useful as a basis for further research. The findings of this study will also contribute to more information on growth strategies especially within education sector.

CHAPTER TWO: LITERATURE REVIEW

2.1. Introduction

This chapter involved gathering of written materials that are vital and relevant in the research study of growth applied by IAT using Ansoff's growth strategies model. The sources of literature reviewed included books, journals, reports, thesis, websites and publications by professional studies.

2.2. Growth Strategies

A company's strategy as identified by Thompson et al. (2007) is a management's action plan for running the business and conduction operations. A clear and reasoned strategy is management's prescription for doing business; it is a road map to competitive advantage, its game plan for pleasing customers and improving financial performance. Sababu (2007) notes that a strategy describes the way organizations pursue their goals, given the threats and opportunities in the environment and the resources and capabilities for the organization. Firms are therefore called to continually scan their environment which is dynamic and turbulent and alter their operation in line with that environment if they have to meet their goals in the most successful way.

They are also expected to identify the adequacy suitability of their resources and competencies for it to survive and prosper in the market. According to Grundy (1995), strategy is a flexible pattern in a stream of past and present decisions which are taken by a firm to define where it is now and where it want to be, and how to migrate there through competitive advantage with least difficulty and cost. Firms operate in competitive environment which require them to continually be on the lookout so that they are not overtaken by events and become obsolete. Mecha, (2007) observes that competitive environments are changing at an accelerating rate, culminating in a high level of uncertainty. Adapting to new conditions and constantly learning what is working well enough to continue and what needs to be improved is a normal part of strategy making process.

Thompson et al. (2007) argues that a company's strategy is always a work in progress. It is a blend of proactive actions to improve the companies' financial performance and secure a competitive edge and reactions to unanticipated developments and fresh market conditions. Firms should be willing and ready to modify their strategies in response to changing market conditions, advancing technology, fresh moves of competitors, shifting buyer needs and preferences, emerging market opportunities, new ideas for improving the strategy and mounting evidence that the strategy is not working well.

Gluek (1988) observes that growth strategies are adopted by firms because they require them for long run survival in volatile industries. Growth is also seen as a managerial motivation since many managers want to be associated with growing firms and would even want to be remembered for having played a key role in the growth of firms. They also equate growth with effectiveness. Firms that have adopted growth strategies have new ways of doing things; provide new and better products which benefit the society. Grown companies become better known and may be more capable of attracting quality employees as a result. Ngige (2003) emphasizes that growth not only provides the potential for enhanced profitability but also introduces vitality to an organization by providing challenges and rewards. The firm attributes that are most commonly related to firm growth include a growth oriented vision, a commitment to growth, participation in business alliances, business growth planning and geographic location that facilitates the absorption of knowledge from external sources (Barringer and Ireland, 2008).

Kiilu, (2004) emphasizes the need for every organization to develop a strategy for expanding its business. Growth is an important lever to drive shareholders value and growth strategies are essential in creating profitability and sustainable competitive advantage. Growth strategies enable operating decisions to bring the company into the right relationship with the emerging pattern and market opportunities. Growth and market dominance are coming much more to the fore and the companies which succeed will be those capable of achieving dramatic revenue growth. Firms are threatened unless they adapt growth strategies to help them strengthen their competitive positions, furthermore they need to grow, expand into new market segments and introduce new products and services that meet customer needs more effectively as pointed by Wanyande, (2006).

Growth strategies can be generated from within or externally. According to Barringer and Ireland (2008) Internal growth strategies involve efforts taken within the firm itself, such as new product development, other product-related strategies and international expansion with the purpose of increasing sales revenue and profitability. Internally generated growth relies on the business' own competencies, expertise, business practices and employees. External growth strategies rely on establishing relationships with third parties, such as mergers, acquisitions, strategic alliances, joint ventures, licensing and franchising. An emphasis on external growth strategies results in a more fast-paced, collaborative approach towards growth than the slower paced internal strategies. Kiilu (2004) cautions firms to be careful when choosing growth strategies so that they don't end up in an inappropriate and ultimately unprofitable path.

2.3. Ansoff's growth strategies model

The four growth strategies model proposed by Ansoff (1965) offer firms various options in relation to business development management. This remains a popular tool for analyzing growth. It can be used by firms to identify their future strategic direction and also plan for growth. It identifies four basic growth strategies and also emphasizes the degree of risk of each approach. To portray alternative corporate growth strategies, Ansoff presented a matrix that focused on the firm's present and potential products and markets.

Product / Market	**Present**	**New**
Present	Market penetration	Product development
New	Market development	Diversification

Figure 1

Adopted from kotler, P. (2000). Marketing Management, Millenium Edition, New jersey: Prentice –Hall PP.7

2.3.1. Market Penetration Strategy

According to Kotler and Amstrong (1996) Market penetration is a strategy for company growth by increasing sales of the current products to current market segments without changing the product in any way. Firms using this strategy encourage their present customers to consume more of their current products. Barringer and Ireland, (2008) add that such a strategy involves actions taken to increase the sales of a product or service through greater marketing efforts or through increased production capacity and efficiency. Increased capacity and efficiency permits a firm to have greater volume of product or service to sell.

Sababu (2007) notes that this strategy can be done by stimulating customers to increase their present consumption and uses, increasing the organization's efforts in attracting non-users and increasing the organizations efforts to attract competitors' customers. This strategy can be applicable especially where there is untapped potential to increase sales in the same market. Kotler and Amstrong, (2000) urges that improvements in advertising, prices, services, menu selection or store design might encourage customers to stop by more often or to buy more during each visit.

According to Byars (1991), the focus of market penetration is increased sales through greater control in a market in which a firm already has a product or service. The ultimate objective is of this strategy is to increase net income along with total revenues. Market penetration strategy enables a firm maintain or increase the market share of current products as noted by Barringer and Ireland, (2008) and this can be achieved by a combination of competitive pricing strategies, advertising, sales promotion and perhaps more resources dedicated to personal selling. It can also help firms restructure a mature market by driving out competitors, however, this would require a much more aggressive promotional campaign, supported by a pricing strategy designed to make the market unattractive for competitors.

In addition this strategy can help a firm achieve increased usage by existing customers. This is because the business is focusing on markets and products it knows well. It is likely to have good information on competitors and on customer needs. It is unlikely, therefore, that this strategy will require much investment in new market research. Green (2006) adds that firms can increase their market share by increasing their advertising, offering customers special deals such as frequent buyer cards, incentives to purchase and discounts and offering superior customer care.

This strategy is the least risky since it leverages many of the firm's existing resources and capabilities. Barringer and Ireland, (2008) notes that in a growing market, simply maintaining market share will result in growth, and there may exist opportunities to increase market share if competitors reach capacity limits. This strategy also requires the least amount of finance for expansion, although resources may need to be channeled into promotional campaigns to appeal to and then persuade customers. Kiilu (2004) emphasizes the need to consider such factors as growth of present market, strength of competition, ability to increase volume of sales, ability of customers to consume of the product and service and more frequently in order to pursue this strategy.

2.3.2. Market development strategy

This strategy aims at developing new markets for its present products. Firms engage in this strategy to increase sales. According to Kotler and Armstrong, (2001) this is a strategy for company growth by identifying and developing new markets segments for current company products. Sababu (2007) notes that this can be done through; opening additional geographical markets through regional, national and international expansion, attracting other market segments by developing product versions that appeal to these segments; entering other channels of distribution and advertising to the media. Market development strategy requires some degree of both product development and capability development.

Pearce and Robinson (1991) observes that market development strategies consist of marketing present products often with only cosmetic modifications to customers in related areas by adding channels of distribution or by changing the content of advertising or promotion. This strategy allows firms to practice a form of concentrated growth by identifying new uses for existing products and new demographically, psychographically or geographically defined markets. Thompson and Strickland, (1993) observes that when firms are successful in introducing new ways to market their products, they can spark a burst of buyer interest, widen industry demand, increase product differentiation and or lower unit costs. All these will alter the competitive positions of rival firms and force strategy revisions.

Market development involves the firm moving into new segments of the same market or even into entirely new markets. This makes the strategy to present greater degree of risk as the firm may not have the same understanding, knowledge and experience of the new market. Kiilu (2004) observes that firms need to decide whether it is worthwhile targeting new markets since to some extent they may be vulnerable to making inappropriate judgment that could damage profitability. Barringer and Ireland, (2008) cautions firms to choose markets that are attractive enough to be interesting but different enough so that the firm will not just be another face in the crowd. The choice market should also be in sync with the firm's business model and the backgrounds and skills human resources. As firms develop markets they need to continually monitor the attractiveness of its market since societal preferences change, a fact that sometimes causes a target market to lose its attractiveness for a firm and the product or service it has to offer customers.

2.3.3. Product development strategy

Dennis and Rose (2001) identify product development strategy as one that entails the introduction of new products, aimed at the same target market. This strategy helps to provide variety to existing customers who at times change their tastes and preferences. Pearce and Robinson (1991) states that product development involves the substantial modification of existing products or the creation of new but related products that can be marketed to current customers through established channels. This strategy can be adopted either to prolong the lifecycle of current products or to take advantage of a favorable reputation or brand name. The idea is to attract satisfied customers to new products as a result of their positive experience with the firm's initial offering.

Barringer and Ireland (2008) observes that in many fast-paced industries new product development is a competitive necessity. Product innovation can broaden an industry's customer base, rejuvenate industry growth and widen the degree of product differentiation among rival sellers. Successful new product introduction strengthen a company's position, enabling a firm to compete better and even outdo it competitors who insist on sticking with their old products or are slow to adapt to new changes.

Firms that may opt to embrace this strategy need to be innovative to avoid developing "me too" products that are entering already crowded markets. According to Barringer and Ireland (2008), when developing new products is properly executed, there is tremendous upside potential. Successful new products can also provide sufficient cash flow to fund a company's operations and provide resources to support developing additional new products. Firms need to be cautious when developing new products to avoid pitfalls which may lead to poor performance of the product. This could be as a result of inadequate feasibility analysis, overestimation of market potential, bad timing, inadequate advertising and promotion and poor service. Also they need to be vigilant incase environment changes they should also change the product offering to remain relevant.

Johnson, scholes and Whittington (2005) notes that whilst new products may be vital to the future of an organization, the process of creating a broad product line is expensive, risky and potentially unprofitable, because most new products ideas never reach the market; and of those that do , there are relatively few that succeed. Product development may require a commitment to high levels of spending on R&D. Whilst high-market-share companies may benefit in profit terms from relatively high levels of R&D expenditure, companies in a weak market position with high expenditure may suffer because they cannot really afford that level of investment. Profitability can be depressed by over-rapid rates of new product introductions, as organizations struggle to learn new competencies needed to debug production, train salespeople, educate customers and establish new channels.

2.3.4. Diversification

Dennis and Rose (2001) reveals that this strategy entail firms moving into both new markets and new products sector perhaps involving major changes in technology and marketing methods. Johnson and Scholes (2002) identify diversification to be a strategy which takes the organization away from its current markets or products. This strategy is useful when an organization marketing system does not show much additional opportunity for growth and if the opportunities outside the core marketing system are superior.

Johnson, Scholes and Whittington (2005) define this strategy as one which takes the organization into new markets and products or services and therefore increasing the diversity that a corporate parent must oversee. By diversifying firms can increase their market power. With a diverse range of products or services, an organization can afford to cross-subsidize one product from the surpluses earned by another, in a way that competitors may not be able. This can give a firm a competitive advantage for the subsidized product and the long-run effect may be to drive out other competitors leaving the organization with a monopoly from which good profits can be earned. Diversification can help firms achieve their potential in a developing economy. It can help the company in spreading their customer base. It also helps in enhancing the product portfolio of the company by introducing complimenting products in the market.

Johnson et al (2005) observes that firms can pursue related or unrelated diversification. Related diversification is a strategy development beyond current products and markets but within the capabilities or value network of the organization. Unrelated diversification is the development of products or services beyond the current capabilities or value network. For firms to benefit from diversification strategy the industry chosen must be attractive enough to produce consistently good returns on investment. True industry attractiveness is defined by the presence of favorable competitive conditions and a market environment conducive to long-term profitability.

The cost to enter the target industry must not be so high as to erode the potential for good profitability. The diversifying company must bring some potential for competitive advantage to the new business it enters or the new business must offer some potential for added competitive advantage to the company's other businesses. Chandler (1990) views diversification as an essential vehicle for growth and improved performance and is regarded as a way for firms to reap the benefits of scale and scope required to achieve rapid growth rates.

Diversification is an inherently more risk strategy because the business is moving into markets in which it has little or no experience. It requires both product and market development and may be outside the core competencies of the firm (Doyle, 1994) Moreover, diversification might necessitate significant expanding of human and financial resources, which may detract focus, commitment and sustained investments in the core industries. For a business to adopt a diversification strategy, therefore, it must have a clear idea about what it expects to gain from the strategy and an honest assessment of the risks. However Smith and Cooper (1988) observe that this strategy may be appropriate for firms who seek to reduce the overall risk exposure.

2.4. Empirical Studies on Ansoff's growth strategies model

Some studies have been done on the application of Ansoff's growth strategies model. Kiilu (2004) conducted a survey of the extent of the application of Ansoff's growth strategies in the public utility sector in Kenya. The study revealed that the extent of application of Ansoff's growth strategy in public sector was still too low. The findings of the survey were that, both Market penetration and Market development strategies were applied by the public utility sector to moderate extent. Product developing and diversification strategies were applied to a very small extent. He cited challenges of its application to include lack of understanding, bureaucratic systems, procedures and strategy implementation.

Wanyande (2006) conducted a study on application of Ansoff's growth strategies by internet Service Providers in Kenya. The objective of the study was to establish the extent to which Ansoff's growth strategies model had been employed by Internet service Providers and the challenges they faced in the application of the model. Her results showed that internet service providers to a moderate extent applied the dimensions of Ansoff's growth strategies of market penetration, market development, product development and diversification. She sited challenges in application of Ansoff growth strategies to include; insufficient skills, lack of organization policy framework, growth strategy perception, IT piracy, top management commitment and lack of infrastructures.

Mecha (2007) conducted a study of strategy choice at the Kenya pipeline company using Ansoff's grand strategies matrix. The study was to determine to what extent the Ansoff matrix had been applied by KPC to develop strategy choices and also establish the challenges facing the firm in making them. The study found that market penetration pricing was not used by KPC. Market development was being achieved through capacity enhancement thus bringing the products closer to the customers. However product development on the basis of adding new features to existing products was not done in KPC. Although KPC's mandate allowed it to diversify into other areas this was not significantly undertaken although there was potential for it to be developed. The study showed that challenges faced by KPC in making strategy choices mainly emanated from it being a state corporation hence need to get approvals to undertake the viable options. Business operation challenges based on the staffing levels, corporate governance issues lack of staff empowerment were cited as being major challenges.

Ojung'a (2007) conducted a survey of market-share growth strategies adopted by pharmaceutical companies in Kenya for branded prescription medicines. From the research findings it was found that pharmaceutical firms in Kenya pursued strategies for market share growth. Selling existing products to existing customers was a market share growth strategy that was pursed most by majority of the firms, followed by selling of new products and services and selling existing products to new customers. Finding new competitive arenas, selling to new geographies, selling more through new delivery approaches and establishing new industry structures were moderately pursued growth strategies, and the extent of their use varied more from one company to another.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1. Introduction

This chapter set out the research methodology to be adopted so as to meet the objectives stated in the chapter one of this study. The research design, data collection instruments and data analysis method were discussed.

3.2. Research Design

The research adopted case study design. It involved the collection of in-depth data to better understand the growth strategies applied by IAT using Ansoff's growth strategies model. According to Mugenda and Mugenda (1999), a case study is an in-depth investigation of an individual, group, institution or phenomenon. Due to its focus on details, a case study was to reveal areas where Ansoff's growth strategies have been applied at the institution.

3.3. Data Collection

Primary data was collected for the study through in-depth personal interview with the Instructional Research and development (IRD), marketing, test center managers as well as two branch managers at IAT. The participants provided an in-depth understanding of the subject. An interview guide was used to collect the necessary information. The interview guide contained two sections; the first section identified the position of the participant and period that they had been in the institution; section two which was sub-divided into four sections facilitated the researcher establish growth strategies applied by IAT in light of the Ansoff' growth strategies model, how and why they applied the strategies and the benefits accrued from those strategies. The interactive nature of this method of data collection enabled the clarification and exhaustion of the coverage of the research questions. Secondary data was obtained from institution's website, brochures and periodic newsletters.

3.4. Data Analysis

Data collected from the interview was checked for consistency, exhaustiveness and completeness. The data collected was qualitative in nature therefore; content analysis was used to analyze it. Mugenda and Mugenda (1999) observe that content analysis is the systematic qualitative description of the composition of the materials of the study. Its purpose is to analyze given information in order to determine factors that explain a given phenomenon. The information gathered was studied to identify the growth strategies applied by IAT using Ansoff's model.

CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATION OF RESULTS

4.1. Introduction

This chapter sought to present the findings of the research on growth strategies applied by IAT using Ansoff's model. In order to attain the objectives set a case study was conducted. The research instrument used was an interview guide administered to two branch managers, marketing, test center and Instructional Research and development (IRD) managers to give information on growth strategies applied at IAT using Ansoff's model.

4.2. Respondents

The respondents included IRD manager who had been with IAT for one and a half years; two branch managers who had been with IAT for more than seven years and had worked in other departments at IAT; the test center manager who had worked with the IAT for six years who had also served in another capacity at IAT. Due to their wealth of experience gained and positions held at IAT they were able to supply needed information.

4.3. Market Penetration strategy

This strategy focuses on increasing consumption of current products to the existing customers. IAT encouraged present customers to enroll for more courses that were offered through advertisements on the FM Radio station, TV stations and on Daily

Nation. There was also printed media which included booklets, newsletters, brochures and handbills that were distributed to their clients to identify other courses they would take at the institution. IAT had also developed a website which provided necessary information especially regarding the courses offered. Clients were provided with variety of courses to choose from which made them to keep on enrolling for more courses. This made the customers remain with the institution longer enrolling for more IT courses especially the ones who wanted to further their career and knowledge in IT. Clients were also encouraged to enroll for more courses and take exams with IAT through discounts provided. Discounts also applied to students who would perform well especially in ICDL program. Such was provided when they would register for second part of that course. IAT had program referred to as 'Ufunguo scholarship' that provided full and partial scholarships to less fortunate in the society. Such facilitated clients in taking a number of courses from IAT.

IAT was a main partner with many international IT training and examining institutions. It provided testing center for Microsoft, CompTia, EBCL and ICDL exams which made clients not only enroll for IT courses but also take their international IT exams with the institution. Having a testing center also made clients from other institutions which may not have such a facility take their exams from IAT's. IAT's partnership with international IT training and examining institutions had stringent requirements which IAT had managed to meet making it to be more recognized in the industry. With such IAT customers were provided with variety of courses to enroll for and also exams to take.

IAT charged all their courses slightly above the market rates. This was due to the fact that it was the first learning institution to introduce most IT courses in the region. It prided for been ISO certified which meant that it offered quality products. Also customers who enrolled at IAT were provided with coursework materials, well equipped computer laboratories, extra machine time to practice skills learnt, well equipped libraries and free internet for research and internationally recognized certificates. They strived to provide market oriented courses so that they could be relevant to the customers.

These practices were motivated by IAT clients' needs to advance their career in IT with many companies requiring their employees to be equipped with the necessary IT skills. Also with advancement in technology which had led to provision of both business opportunities necessitated need for IT skills. As a result many current customers ended up taking more IT courses to advance their knowledge in IT to take up business opportunities arising in the area of IT. IAT had benefited from these moves since they had managed to sell more courses to their current customers. The sales had gone up since the inception facilitating growth of the whole institution in general to cater for the needs of their present customers.

4.4. Market Development strategy

The focus is on creating new markets for existing products. IAT had grown to be a national training institution with many centers in Nairobi. Two centers were at the CBD that was at Pension Towers and EcoBank Towers; others were located at Westlands, Yaya, Buruburu and Thika Road. Another center was in Mombasa and there was one being opened at Nakuru. This expansion decision was prompted by the enquiries IAT was receiving from clients who were located in diverse regions. Such expansion led to increase in the number of customers since potential customers in those areas were reached. It had made the courses accessible by many who were located in the areas where IAT had opened centers.

IAT had divided it market into different income groups. For the needy in the society there were provided with partial and full scholarships to make them access the courses. For middle-level customers there were charged full fee and they had their courses from any of the institutions centers. The institution had a package for the high income earners which was more expensive compared to others. For such a package the client had the option of being trained at premises of their choice and at a time that suited them best. This could be at the office, at home, at a hotel, or at any of IAT's branches. The client went on to advice IAT on the class timing that suited them best. The courses taken by such clients were also customized to suit their needs. This enabled the institution serve customer who varied in their income levels and also increase their market share.

IAT had also divided their markets using age factor. There was IT programs for the children aged between six to seven years and eight to thirteen years. IAT had specific programs that served clients who fell in those age groups. For those who were above that age they enrolled for the standards courses offered by the institution. This enabled the institution serve different age groups. IAT also divided markets according to benefit sought from the various courses offered. Some courses were targeting customers who needed IT skills necessary for end users. For those who required technical skills or were IT specialist the institution had courses that covered the needed in depth knowledge and skills. Such segmentation has enabled the institution serve diverse clients satisfactorily.

4.5. Product development strategy

This strategy focuses on developing new products for current customers. When IAT started back in 1991 it had very few courses to offer. That had changed since the institution prided in having developed many more courses that served their current customers. Initially the courses were for end-users only but that had changed since there were variety of IT courses ranging from end-user programs to professional courses in IT. Some had also been modified to accommodate new technologies and be up to date. This was due to high demand for IT courses from customers especially with the advancement of technology. IAT had to set up a department for developing new courses and updating the existing ones. Marketing department was also engaged in conducting surveys to identify customer needs. Such information helped them to develop new courses as market demanded and also customize courses to meet customer needs.

IAT was in collaboration with both local and international institutions to provide more courses to their customers. Collaboration with local universities which included Maseno and St.Paul's University enabled IAT provide Degree courses to current customers. Other collaborations with international institutions which included NCC education (UK), Microsoft, CompTIA and ICDL foundation facilitated provision of Diploma and certificate courses to the institution customers. The study found out that IAT had just formed a partnership with Oracle University to provide Oracle training and certifications to clients. Other courses were developed to meet specific corporate needs. Such collaborations were realized to enable IAT offer courses internationally recognized and also Degree courses since it had not been chartered. IAT had benefited through increased sales and market recognition especially because of partnership with local and international institutions.

4.6. Diversification strategy

The focus of this strategy is introducing new products to new customers. IAT initial focus was IT courses. When it was established it was offering basic desktop computer courses- Ms Dos, Word perfect, Harvard Graphics and introduction to windows. That had changes since it became a fully fledged multi-campuses offering Degree, Diploma and certificate programs in ICT and business fields. IAT School of Business was set up in 2007 to concentrate and develop more market driven business programs whose demand had grown immensely. The school was also in collaboration with other institutions to offer necessary business courses. Collaborations with St. Paul and Maseno Universities had enabled IAT to offer business courses and bridging courses. Other collaborations with international institutions which include EBCL enabled the institution to provide certificate courses in the area of business and language.

IAT ran Chipukizi Holiday Camp Program. This was a program tailored to nurture essential life skills in children aged between seven to thirteen years, so as to enhance holistic personal development in a child. This program was geared to consciously help children appreciate the need for and acquire self confidence; self Awareness so that they do not suffer from an identity crisis; positive self-image and self esteem; decision making skills including problem solving skills; conflict diffusion skills; creative thinking and critical thinking; assertive and effective Communication; good interpersonal relationship skills with parents, teachers, peers and others; good study skills; essential first aid skills and health awareness; positive thinking . Such a decision was prompted by the emerging need among the children to study IT at early age. However the children's program was incorporated together with life skills program to appeal to many children. The program showed a lot of potential since it was still attracting many as much as it was relatively new at IAT. This enabled IAT increase their market share since they were reaching out to another group of clients-the children who may not take the standard IAT courses.

CHAPTER FIVE: SUMMARY CONCLUSION AND RECOMMENDATIONS

5.1. Introduction

This chapter presented the summary, conclusions, recommendations, limitations and suggestions for further research of this study. This was in relation to the study objective which was to establish the growth strategies applied by IAT. The growth strategies applied by the firm were evaluated in the light to Ansoff growth strategies model.

5.2. Summary

From the study findings it was discovered that all growth strategies in Ansoff growth strategies model were pursued by IAT. The strategies included market penetration, Market development, product development and diversification. Market penetration strategy activities identified related to offering discounts and advertising to encourage more courses enrollments by existing customers. The study revealed that these practices had led to growth since customers enrolled for more courses. However the study did not reveal practices that made the market unattractive to competitors.

Market development was evident with the opening up of six branches in Nairobi, one in Mombasa and the next focus was Nakuru. Markets were segmented using demographic factors such as age, income and geographic factors. This decision had been prompted by enquires that the institution received from customers who were located at different locations. By opening up centers in Nairobi and Mombasa, the institution served customers in various locations hence increasing their market share.

The study revealed that product development was widely used at the institution. This was due to advancement in technology prompting the institution to develop courses in line with that and also update the once already being provided. Course development was facilitated through IRD. Marketing department also assisted in identifying courses that needed to be developed to meet customer needs. IAT also developed new products in collaboration with other learning institutions. These practices made IAT to continually provide market relevant courses to their customers.

Diversification of products offered was also evident in the institution. The study revealed that the initial focus of IAT was to offer IT courses. However with time they had introduced courses in the area of business and also life skills programs especially for children. This enabled the firm increase their market share by reaching those customers who preferred businesses courses instead of IT courses and also children market with the life skills programs.

5.3. Conclusion

This study revealed that growth strategies were widely applied for the achievement of growth and success of IAT. The study found out that IAT employed practices related to

Ansoff's growth strategies of market penetration, market development, product development and diversification. Market development and product development appeared to be IATs main growth strategies. Market penetration was also evident with IAT using various ways to encourage customers to enroll for more courses. Diversification was also moderately employed with IAT introducing other courses from their initial focus of IT courses.

5.4. Limitations of the study

There could be other growth strategies not identified since the study used only one model of Ansoff while studying the growth strategies. Also the study focused on IAT only so it does not reveal what growth strategies other learning institutions apply. Due to time constraints the study focused on the IAT branches that are in Nairobi only.

5.5. Recommendations

The study recommended that IAT explore more on the Ansoff growth strategies. Market development could be intensified in other major towns in Kenya and across East Africa especially with the opening of East Africa regional market. This would be a good platform to impart IT skills which were much needed due to growth in technology. The institution could also venture into consultancy to take advantage of the wealth of experience in the IT field. They could also venture into e-learning where they provide learning online and also support other institutions that may want to offer e-learning.

Other learning institution could learn from IAT practices and apply some of these strategies to facilitate growth in their areas of focus. The study findings could also be used by scholars as a basis for further research.

5.6. Areas of Further Research

The study could be done to determine which growth strategies other middle-level learning institutions have adopted. This is due to the fact that this study focused on only one institution. Also a study could be done to determine growth strategies applied at IAT using other models

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APPENDICES

APPENDIX 1: DATA COLLECTION LETTER

UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
MBA PROGRAM – LOWER KABETE CAMPUS

Telephone 020-2059162
Telegrams "Varsity", Nairobi
Telex 22095 Varsity

P.O. Box 30197
Nairobi, Kenya

DATE......10/09/2010......

TO WHOM IT MAY CONCERN

The bearer of this letter ......MUNGAI FAITH NYAMBURA......

Registration No: ......D61/70248/2009......

is a Master of Business Administration (MBA) student of the University of Nairobi.

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate if you assist him/her by allowing him/her to collect data in your organization for the research.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.

UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
MBA OFFICE
P. O. Box 30197
NAIROBI

DR. W.N. IRAKI
CO-ORDINATOR, MBA PROGRAM

APPENDIX 11: INTERVIEW GUIDE

GROWTH STRATEGIES APPLIED BY THE INSTITUTE OF ADVANCED TECHNOLOGY; THE STUDY OF ANSOFF MODEL

PART A:

1) Name: ---
2) Position:--
3) For how long have you worked with IAT? --------------------------------

Part B:

Market Penetration Strategy

This is where a firm focuses on selling the current products to current market segments without changing the product in any way.

1) Do you encourage your students to register for more courses? (Yes) (No)

    (a) Do you advertise for your courses? If yes explain ---------------------------------

    ----

    (b) Do you have competitive pricing strategies? If yes explain-----------------------

    ----

    (c) How else do you encourage them to register for your courses? ------------------

    ----

    (d) What motivates such decisions? ---

(e) What benefits accrue from those decisions? --

----

2) Do you encourage students studying in other institutions to register for IAT's courses? (Yes) (No)

(a) How do you encourage them? --

(b) What practices do you have to make the market unattractive to competitors----

----

(c) What benefits accrue from these practices? ---

<u>Market development strategy</u>

This is where the firms identify and develop new markets segments for current company products

3) Do you target new customer segments? (Yes) (No)

4) How do you segment markets? --

(a) What motivates such decisions? ---

(b) What have been the results of such actions? --

----

5) Do you identify new geographical markets? (Yes) (No)

   (a) How do you identify new geographical markets? ---------------------------------

   ----

   (b) What motivates such decisions? ---

   (c) What have been the results of such moves? --

<u>Product development</u>

This is where firms develop new products to serve existing customers

6) Do you develop new courses for existing customers? (Yes) (No)

   (a) How do you develop new courses for existing customers? ------------------------

   ----

   (b) What motivates such decisions? ---

   (c) What have been the results/benefits of such decisions? ----------------------------

   ----

7) Do you develop products that serve different needs for current customers? (Yes) (No)

   (a) How do you develop new courses that serve different needs for current customers? --

   ----

(b) What motivates such decisions? --

(c) What have been the benefits from such moves? ------------------------------------

----

Diversification

This is where firms develop new products for new customers

8) Have you developed different courses from initial focus? (Yes) (No)

(a) What influenced such a decision? ---

(b) How have you developed new courses for new customers? ----------------------

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(c) What benefits have you reaped from such a move? ------------------------------

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